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C O N F I D E N T I A L SECTION 01 OF 02 GUATEMALA 000511

SIPDIS

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SUBJECT: FEBRUARY 25 DINNER WITH PRESIDENT PORTILLO

Classified By: JOHN R. HAMILTON for reason 1.5(b)

Subject: February 25 Dinner with President Portillo

11. (S) Summary: In a one-on-one dinner, President Portillo committed to making his decision on the UNHRC Cuba issue "in a calm moment," promised to energize his Labor ministry on issues of labor justice, issued instructions to his Agriculture Minister (by phone during dinner) to get the Mediterranean Fruit fly program moving, sounded positive (not altogether convincingly) on the proposal to create a commission to investigate clandestine groups, and discussed drug issues extensively. He said General Rios Montt appears determined to be the FRG presidential candidate and gave an inside account of the state of play on the month-long teachers, strike that shut down Guatemala's ports and international airport February 25. End summary.

12. (S) The dinner was in Portillo's home, at his invitation. The meeting took place against a backdrop of Portillo having been absent from public view for the better part of a month, generating rumors that he has either effectively abdicated his responsibilities for governing to Vice President Reyes or that he has been on a drinking binge. Portillo was sober, and looked well, however, and well informed on all the issues the Ambassador raised. To wit:

Teachers, Strike

13. (S) Portillo ran down the issues at play knowledgeably: the government cannot afford the pay raise being demanded, as it would break the IMF standby agreement. Negotiations, suspended since February 21, had resumed late in the day February 25, and had "gone well a much improved atmosphere." The government had made an extensive presentation on the state of public finances, to which the teachers had reportedly listened. Portillo said the government would not back off on an innovative pilot program of educational reform that the teachers feel threatened by (the PRONADE program, which USAID has supported) but felt there were some other areas of teachers, demands where the government could give ground. The Ambassador told him that his absence from view was generating rumors that no one was in charge and had combined during the day February 25, when ports, border and international airport were shut down, to produce a sense that events were spinning out of control. Portillo said he recognized the need to surface soon, commenting that he had almost done so the weekend before, before reconsidering when the negotiations took a bad turn.

Drugs

14. (S) The Ambassador briefed the President on the state of the Embassy's engagement on narcotics issues with the Guatemalan team headed by Foreign Minister Gutierrez. This produced nothing new, but Portillo showed himself to be well briefed by Gutierrez and engaged. He was still pushing his idea of ceding at least partial control of Guatemalan ports to U.S. authorities; the Ambassador encouraged him to consider a port concession, in which he showed interest. Portillo mentioned that he had spend last weekend in Mexico with the Mexican Attorney General, who agreed to train a first tranche of 25 civilian intelligence agents as part of a long-term plan to supplant military intelligence.

Labor issues

15. (S) The Ambassador said the USG would decide on/about April 15 whether to accept an AFL-CIO GSP labor petition. He said the key issues are several unresolved cases of murder against labor leaders, severe backlogs in the system of labor justice, and the inability of the system of labor justice to enforce its decisions to impose fines and to order workers illegally fired to be rehired. Portillo said he would get on his Labor Minister to address these areas.

Clandestine Groups Investigation

16. (S) Portillo said he had invited Human Rights Watch director for the Americas Jose Miguel Vivanco to facilitate agreement on a proposal to stand up a mixed commission to investigate so-called clandestine groups because of Vivanco's demonstrated probity and commitment to human rights. He expected to receive a proposal from Vivanco momentarily and said he would "make it his own." He also

said he had that day signed a letter giving the Human Rights Ombudsman (the official sponsor of the proposal) a response, thus meeting a February 28 deadline that the Ombudsman has made public. The proposal would respond more on process than it would on substance, he admitted. At the Ambassador's suggestion, he said he would make personal contact with the Ombudsman to see if they could overcome mutual mistrust.

Cuba

17. (S) The Ambassador asked, "what in the world is going on with Cuba?" alluding thus to the bizarre admiration that the normally rightist Vice President Reyes expressed for the Cuban system on returning from a weeklong visit to Havana. Portillo said "two things: resentment over de-certification and the impression that the U.S. is going all out to prevent a Rios Montt presidency." The view is the (ruling) FRG is that "we gave the U.S. loyal support (on Cuba) and this is how they repay us." The Ambassador replied that pique is exactly what it looks like and that that is not a posture for a serious government to be caught in. In Guatemala, he asked, really going to throw away the hard-earned respect it won for taking the right stand on a human rights issue of real importance because of resentment over unrelated issues? Explaining our position on the Rios Montt candidacy (that Rios Montt's reputation is such that bilateral relations would become unmanageable if he were elected and that the FRG should know this in advance of making a decision on its candidate), the Ambassador asked if it would help for him to engage senior FRG congressional leaders directly. Portillo said no, to leave the issue to him and FM Gutierrez, promising that they would make a considered decision "when things calm down." The Ambassador said that, out of consideration for the political difficulties it could generate, we would not be pressing the GOG to co-sponsor the Cuban resolution, but that we wanted a "yes" vote. In response, Portillo was officially non-committal but the body language and tone were more encouraging than we had expected.

Moscamed Go-ahead

18. (S) The Ambassador briefed Portillo on the delay in the startup in this year's spraying of the Mediterranean fruit fly bait (an insecticide), expecting that he would have to lay out the facts in some detail. Portillo was up to date on this issue, too, however, commenting that it had been discussed in a cabinet meeting the day before. A bit for show, but hopefully for real, Portillo phoned his Agriculture Minister on the spot, giving him instructions to cut through the BS, and get the program moving.8 The AG minister could be heard saying "si senior Presidente." Comment: We'll see.

19. (S) Meeting of Central American Presidents with the President: Portillo confirmed that an April 11 date works just fine for him.

Politics and personalities

10. (S) Portillo is convinced that Rios Montt will seek to run. Whether he will succeed is another question, but his intention to be President is genuine. Rios Montt has told me, Portillo laughed, that he is not about to repeat the "Portillo experience," by which he meant that creating another president who then asserts his independence. Portillo said that he feels a lot of respect, affection and gratitude toward Rios Montt, who is more flexible, moderate and more of a democrat than generally believed. &It is his wife and daughter who are the authoritarians,8 Portillo said, recalling how the two of them drew up the cabinet that they wanted him to name five days before he took office. Life with the two Rios Montt women has been an ordeal, he said.

11. (S) Inserting a caveat to the forgoing, however, Portillo said that Rios Montt is impetuous, and conceivably could, for reasons of health and general fatigue, decide suddenly not run. But he repeated that all signs point toward a Rios Montt candidacy.

12. (S) Comment: In ending the evening, Portillo expressed interest in getting together informally every two to three weeks. That may amount to too much of a good thing, but the Ambassador is on the hook to host the next such occasion.

HAMILTON